



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

August 27, 2007

The Honorable, Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable, John Nelson, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Nelson:

Our Office has recently completed an 18-month followup of the Amphitheater Unified School District's implementation status for the 16 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in November 2005. As the attached grid indicates:

- 9 recommendations have been implemented, and
- 7 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Sharron Walker, CPA, CFE
Director, Division of School Audits

Enclosure

cc: Ms. Vicki Balentine, Superintendent
Governing Board
Amphitheater Unified School District

Amphitheater Unified School District

18-Month Follow-Up Report to Performance Audit Report Issued November 2005

CHAPTER 1: Administration

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should evaluate whether it can reduce the number of administrative positions to produce cost savings.	Implementation in process	According to the District, it is currently looking at changing its staffing formula to reduce the number of administrative clerical positions needed. However, the District indicates that reductions cannot take place until its student management system is upgraded. A Request for Proposals for a new student management system will be issued in August 2007.
2. The District should continue to monitor the costs of its early retirement program to determine whether further changes are needed to reduce the associated costs.	Implemented at 12 months	
3. The District should implement a system of formal written procedures to ensure that access to computer systems and data is based on job responsibilities, passwords are changed on a regular basis, and access is removed when employees leave the District's employment.	Implemented at 12 months	

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CHAPTER 2: Food Service

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should monitor salary and benefit costs with the goal of limiting these expenditures to no more than 50 percent of food service revenues.	Implemented at 12 months	
2. The District should require the food service staff to inventory snack bar items to help ensure that cash sales have been accounted for properly.	Implemented at 18 months	
3. The District should require the food service staff to inventory snack bar items to help ensure that cash sales have been accounted for properly.	Implementation in process	According to the District, it has established written procedures for inventorying snack bar and a-la-carte items and will train workers on these procedures at the beginning of the 2008 school year.

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CHAPTER 3: Student Transportation

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. To help reduce costs, the District should evaluate awarding its special needs transportation contract to the lowest-cost vendor that can meet all requirements. In addition, the District should ensure that vendor routes are efficient and effective and should consider using its own computerized routing system to develop these routes. Further, in its requests for proposals, the District should specify only the necessary descriptive information related to the services it desires, and it should subsequently hold vendors to the agreed-upon contract terms.</p>	<p>Implementation in process</p>	<p>According to the District, it has attempted to have its lowest-cost vendor meet all of its special needs transportation requirements. However, this vendor does not have sufficient capacity. As a result, the District continues to transport special needs students and others, such as homeless students, using additional vendors.</p>
<p>2. In its bus driver training program, the District should reinforce knowledge of the conditions that would prevent a driver from maintaining certification and the requirement for drivers to notify the District of significant changes in their physical condition or medical treatment. In addition, the District should strengthen its disciplinary policies to describe the potential consequences for failing to comply with this requirement, including the possibility of leave without pay, pay reductions, and termination, and discuss these policies as part of its training activities. The District should also develop a policy that requires it to assess the risks of allowing drivers taking certain medications, such as prescription narcotics, to transport children.</p>	<p>Implemented at 12 months</p>	

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CHAPTER 3: Student Transportation (Concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. The District should continue to evaluate reinstalling the lock system on its fuel pumps to prevent unauthorized usage and more accurately track how its fuel is being used.	Implemented at 12 months	
4. The District should implement a tracking method to ensure that it performs bus preventative maintenance activities in a timely manner.	Implementation in process	The District is updating its accounting software program to include a work order system that can track bus preventative maintenance activities. The District anticipates that the work order system will be implemented during fiscal year 2008.
5. Before submitting them to ADE, the District should analyze its route mileage reports to ensure their accuracy, including separately reporting mileage for activities such as fieldtrips and athletics.	Implemented at 6 months	

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CHAPTER 4: Plant Operation and Maintenance

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should review staffing levels, in particular its district- and school-level security and monitoring staff, to determine whether the number of plant operation and maintenance positions can be reduced and savings can be redirected into the classroom.</p>	<p>Implementation in process</p>	<p>As reported in the 12-month follow-up report, the District examined its security and monitoring staffing levels and is not willing to make any reductions due to the climate at its schools. However, the District states that it will continue to review plant operation and maintenance staffing levels. Auditors will review this recommendation again at the time of the District's 24-month status report.</p>

CHAPTER 5: Proposition 301 monies

Recommendation	District's status of implementing recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should ensure that its Proposition 301 plan also addresses how it will spend base pay and menu option monies, including which of the six allowable options it is addressing.</p>	<p>Implemented at 12 months</p>	

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18-Month Follow-Up Report to Performance Audit Report Issued November 2005

CHAPTER 5: Proposition 301 monies (Concl'd)

Recommendation	District's status of implementing recommendation	Explanation for Recommendations That Have Not Been Implemented
2. The District should ensure that it revises its Proposition 301 plan if payment criteria are changed and that any changes are formally approved by the Governing Board.	Implemented at 6 months	

CHAPTER 6: Classroom Dollars

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.	Implementation in process	The District continues to work to ensure that all transactions are classified in accordance with the Uniform Chart of Accounts. Auditors will review this recommendation again at the time of the District's 24-month status report.
2. The District should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be re-directed to the classroom.	Implementation in process	According to the District, it is still reviewing its transportation costs and will be reviewing plant operation and maintenance costs during fiscal year 2008. Auditors will review this recommendation again at the time of the District's 24-month status report.

CHAPTER 7: Desegregation monies—No Recommendations